IN THE CLAIMS:

The following is a complete listing of the claims in this application, reflects all changes currently being made to the claims, and replaces all earlier versions and all earlier listings of the claims:

1. (Currently Amended) An image distribution system in a virtual space system composed of terminal apparatuses respectively provided at plural users and a server apparatus connected to the ~~plural~~ terminal apparatuses through a communication channel for constructing a virtual space ~~including a first virtual area to show a condition of each user with image and text and a second virtual area to have a conference~~ for distributing an image among the terminal apparatuses, wherein each terminal apparatus comprises:

display means for displaying one of a first virtual area to show a condition of each of the plural users with images and text and a second virtual area to have a conference in a screen in response to designation by each of the plural users;

image obtaining means for obtaining the ~~image~~ images of the ~~user~~ plural users;

image compression means for compressing the image data with a quantization coefficient,

~~transmission means for transmitting the image, obtained by said image obtaining means, to said server apparatus;~~

~~reception display means for receiving and displaying the image transmitted from said server apparatus;~~

~~designation means for designating a position of the user in the virtual space; and~~

determining means for determining whether each of images of the plural users obtained by said image obtaining means is arranged in the first virtual area or in the second virtual area;

control means for controlling [[the]] said image compression means to make compressed image data by compressing data of the images of the plural users with ~~both~~ a first quantization coefficient ~~in accordance with the position of the user~~ in case that each of the images of the plural users obtained by the obtaining means is arranged in the first virtual area~~, and~~ or by compressing data of the images of plural users with a second quantization coefficient smaller than ~~said~~ the first quantization coefficient in case that the images of the plural users obtained by the obtaining means is arranged in the second virtual area; and

transmission means for transmitting the compressed image data of the image of the user to the server apparatus.

2. (Canceled)

3. (Currently Amended) A system according to claim 1, wherein said image obtaining means includes size conversion means for converting the size of the obtained image, and cut-out means for cutting out a predetermined area from the obtained image, and

said control means selects an output of said size conversion means or said cut-out means according to ~~the user position in the virtual space~~ an area where each of images of the plural users is arranged

4. (Currently Amended) A system according to claim 1, wherein

said image obtaining means includes image pickup means for converting an optical image into an electrical signal and image pickup control means for controlling an area and a direction ~~of the image pickup of~~ to pick-up the optical image by said image pickup means; and

said control means controls the image pickup area of said image pickup means through said image pickup control means according to ~~the user position in the virtual space~~ an area where each of images of the plural users is arranged.

5. (Currently Amended) A system according to claim 1, wherein

said image obtaining means includes plural image pickup means for converting an optical image into an electrical signal; and

said control means selects one of the outputs of said plural ~~image~~ pickup means according to ~~the user position in the virtual space~~ an area where each of images of the plural users is arranged.

6. (Currently Amended) An image distribution system in a virtual space system composed of terminal apparatuses respectively provided at plural users and a server apparatus connected to the ~~plural~~ terminal apparatuses through a communication

channel for constructing a virtual space including a first virtual area to show a condition of each of the plural ~~user~~ users with image and text and a second virtual area to have a conference for distributing an image among the terminal apparatuses, wherein each terminal apparatuses comprises:

image obtaining means for obtaining the ~~image~~ images of the plural ~~user~~ users;

~~image compression means for compressing the image with a quantization coefficient;~~

transmission means for transmitting the image [[, ]] obtained by said image obtaining means, to ~~said~~ the server apparatus; and

reception display means for receiving and displaying ~~the~~ a respective image in the terminal apparatuses transmitted from said server apparatus; ~~and~~

~~designation means for designating a position of the user in the virtual space;~~

~~and~~ wherein ~~said~~ the server apparatus comprises:

image process means for processing the image transmitted from each of the terminal ~~apparatus~~ apparatuses;

~~distribution means for distributing the image; and~~

determining means for determining whether an image of a user obtained at a target terminal apparatus of delivery is arranged in the first virtual area or in the second virtual area;

control means for controlling said image ~~compression~~ process means to make compressed image data by compressing data of the respective image in each of the

terminal apparatuses for the target terminal apparatus with ~~both~~ a first quantization coefficient ~~in accordance with the position of the user~~ in case that the image of the user at the target terminal apparatus is arranged in the first virtual area ~~and a~~ or by compressing data of the respective image in each of the terminal apparatuses for the target terminal apparatus with a second quantization coefficient smaller than the first quantization coefficient in case that the image of the user obtained by said image obtaining means is arranged in the second virtual area; and

distribution means for distributing the compressed image data to the target terminal apparatus.

7. (Currently Amended) A system according to claim 6, wherein

said image process means includes recompression means for recompressing image data, and

said control means controls ~~the~~ a compression parameter at the recompression, according to ~~the user position in the virtual space~~ an area where the image of each of the users at the target terminal is arranged.

8. (Currently Amended) A system according to claim 6, wherein

said image ~~obtaining~~ process means includes size conversion means for converting the size of the image and cut-out means for cutting out a predetermined area from the image; and

said control means selects the output of said size conversion means or said cut-out means according to ~~the user position in the virtual space~~ an area where the image of the user at the target terminal is arranged.

9.- 13. (Canceled)

14. (Currently Amended) An image distribution method wherein each of terminal apparatuses distributes an image in a virtual space system composed of the terminal apparatuses respectively provided at plural users and a server apparatus connected to the ~~plural~~ terminal apparatuses through a communication channel for constructing a virtual space including a first virtual area to show a condition of each user with image and text and a second virtual area ~~to have a conference~~ for distributing an image among the terminal apparatuses, said method comprising:

~~obtaining the image of the user;~~

~~compressing the image data with a quantization coefficient;~~

~~transmitting the image compressed in said compressing step to said server apparatus by each of the terminal apparatuses;~~

~~receiving and displaying the image transmitted from said server apparatus by each of the terminal apparatuses;~~

~~inputting the position of the user in the virtual space; and~~

~~controlling said compressing step with both a first quantization coefficient in accordance with the position of the user in the first virtual area, and a second quantization coefficient smaller than the first quantization in the second virtual area~~

determining whether each of images of users obtained at a target terminal apparatus of delivery is arranged in the first virtual area or in the second virtual area;

making compressed image data by compressing data of each of the images of the users obtained at the terminal apparatuses for the target terminal apparatus with a first quantization coefficient in case that the image of the user at the target terminal apparatus is arranged in the first virtual area or by compressing data of each of the images of the users obtained at the terminal apparatuses for the target terminal apparatus with a second quantization coefficient smaller than the first quantization coefficient in case that the image of the user obtained by the image obtaining means is arranged in the second virtual area; and

distributing the compressed image data to the target terminal apparatus.

15. (Currently Amended) A method according to Claim 14, wherein said server apparatus recompresses data of the image transmitted from each terminal apparatus with a recompression parameter according to ~~the user position in the virtual space~~ an area where the image of the user is arranged and distributes the image to each terminal apparatus.

16. (Currently Amended) A method according to Claim 14, wherein said server apparatus applies either of image size conversion and predetermined area cutting-out to the image transmitted from each terminal apparatus according to ~~the user~~

~~position in the virtual space~~ an area where the image of the user is arranged and distributes the image to each terminal apparatus.

17. (Canceled)

18. (New) An image distribution method in a virtual space system composed of terminal apparatuses respectively provided at plural users and a server apparatus connected to the plural terminal apparatuses through a communication channel for constructing a virtual space including a first virtual area to show a condition of each user with image and text and a second virtual area to have a conference for distributing an image among the terminal apparatuses, wherein said method comprises:

obtaining an image of a user;

determining whether the image of the user is arranged in the first virtual area or in the second virtual area in a screen in response to the user's designation;

making compressed image data by compressing data of the image of the user with a quantization coefficient, in case that the image of the user obtained in said obtaining the image of the user is arranged in the first virtual area or by compressing data of the image of the user with a second quantization coefficient smaller than the first quantization coefficient in case that the image of the user obtained in said obtaining the image of the user is arranged in the second virtual area; and

transmitting the compressed image data of the image of the user to the server apparatus.